Clichy, 29 August 2013

2013 FIRST HALF RESULTS:
Operating income of €18.4 million vs €19.0 million in the first half of 2012

PROPOSED LIQUIDITY OFFER TO SHAREHOLDERS

The Etam Group's financial statements to 30 June 2013 were approved by the Managing Partners on 29 August 2013 and were subject to a limited review by the statutory auditors on 29 August 2013.

€m	30.06.13	30.06.12**	Change
Net sales	**596.8**	**592.7**	***0.7%***
Like-for-like and at constant exchange rates			*1.6%*
Gross income	344.1	346.8	*-0.7%*
Gross margin	***57.7%***	***58.5%***	***-0.8 pt***
EBITDA*	41.1	40.3	*2.0%*
Operating income	**18.4**	**19.0**	***-3.5%***
as % of sales	***3.1%***	***3.2%***	***-0.1 pt***
EBIT	18.2	17.7	*2.6%*
Net income (Group share)	**8.8**	**8.0**	
Net debt	137.8	146.2	
Gearing	**42.5%**	**46.4%**	

** Operating Income before depreciation, amortisation and income from asset sales*
*** The operating financial statements to 30 June 2012 were adjusted retrospectively to take into account the application of IAS 19 R.*

SALES AND GROSS MARGIN

The Etam Group generated net sales of €596.8 million during the first half of 2013, including a positive currency effect of €1.6 million relating mainly to the appreciation of the yuan against the euro. This represents an increase of 0.7% relative to the first half of 2012 or 1.6% like-for-like and at constant exchange rates.

Gross margin fell to 57.7% compared with 58.5% in the first half of 2012, penalised by less favourable purchasing conditions in US dollar and the increased number of promotions, in Europe in order to counteract the effects of the decline in store footfall and unfavourable weather conditions, and in China to sell collections that lacked appeal.

EARNINGS

The Group generated current operating income of €18.4 million in the first half of 2013 compared with €19.0 million in the first half of 2012, a fall of 3.5% or 0.1 percentage points of net sales.

- In Europe, the Group confirmed the solid performance of its activities, generating current operating income of €18.1 million compared with €13.0 million in the first half of 2012, in a declining market affected by unfavourable weather conditions for the sale of spring-summer collections.
- In China, the Group continued to suffer from structural problems such as the positioning of its brands and the need to shift towards new distribution channels. Current operating income totalled €0.2 million in the first half of 2013 compared with €6.1 million in the first half of 2012.

The Group also continued with the streamlining of its store network, reflected by a non-recurring net expense of €0.2 million (compared with €1.3 million in the first half of 2012), resulting in operating income of €18.2 million in the first half of 2013 (compared with €17.7 million in the first half of 2012).

Net financial charges for the first half of 2013 totalled €5.1 million (compared with €3.2 million in the first half of 2012) and the tax charge for the first half of the year was €4.0 million (compared with €3.8 million in the first half of 2012), relating entirely to Europe.

Consolidated net income totalled €9.0 million, in line with the first half of 2012. After minority interests of €0.2 million compared with €1.1 million in the first half of 2012, net income (Group share) came to €8.8 million compared with €8.0 million in the comparable period in 2012.

FINANCIAL STRUCTURE

EBITDA reached €41.1 million in the first half of 2013 compared with €40.3 million in the first half of 2012.

At June 30, 2013, change in working capital requirements vs. December 31, 2012, was a cash outflow of 48.6 M€ against a cash inflow of 15.9 M€ between these two dates in 2012, mostly due to a reduction of payables. After capex (17.1 M€ in the first half of 2013 vs. 14.9 M€ in the first half of 2012), interest and taxes paid (4.9 M€ and 7.6 M€ in the first half of 2013 vs. 5.4 M€ and 5.7 M€ in the first half of 2012, respectively), the Group generated negative free cash flow of €37.8 million in the first half of 2013 compared with a positive amount of €35.4 million in the first half of 2012.

The Group's net debt, stood at €137.8 million as at 30 June 2013 compared with €146.2 million as at 30 June 2012.

OUTLOOK FOR H2 2013

Despite an encouraging performance in Europe in a challenging economic climate in the first half of 2013, the Group remains cautious about the outlook for the full year in view of the ongoing structural difficulties it faces in China and uncertain economic conditions in Europe.

PROPOSED LIQUIDITY OFFER TO SHAREHOLDERS

Noting the lack of liquidity in its shares, the Etam Group and its controlling shareholders Milchior-Tarica have decided to offer shareholders the option of selling their shares on the market by launching a liquidity offer comprising two successive public offers at the same price of €23.0 per share, both of which will have similar tax treatment:

– First, a simplified tender offer initiated by Finora (owned by the Milchior family), a member of the company's group of majority shareholders Milchior-Tarica acting in concert (32.11% of the share capital), for all shares not held by them at a price of €23.0 per share (the Finora offer). Shareholders tendering their shares to the offer are not exposed to any risk of reduction and will also benefit from settlement-delivery three trading days after each order is placed.

– Secondly, immediately upon the closing of the Finora offer, a simplified tender offer initiated by Etam Développement within the framework of its share buyback programme authorised by the general shareholders' meeting of 30 May 2013, concerning a maximum of 10% of its share capital at a price of €23.0 per share (the share buyback offer). As there is a maximum limit on this offer, shareholders will be exposed to a risk of reduction and settlement-delivery may take place up to

10 trading days after the close of the offer.

Finora is committed to retain at least 5% of the capital of all Etam Développement shares it will acquire in the course of the Finora offer. All Etam Développement shares acquired by Finora in the context of its offer exceeding this 5% threshold can be tendered by Finora to the share buyback offer within a maximum limit of 10% of the share capital.

This liquidity offer is therefore structured in order to offer shareholders maximum liquidity, respecting the limits set by the general shareholders' meeting of 30 May 2013 while preserving the Group's financial structure.

Following this liquidity offer, Etam Développement and Finora intend to maintain the listing of Etam Développement shares on Euronext Paris. There is no intention of seeking a squeeze out or filing an offer for a public buyout.

The price of these offers presents a premium of 28.5% to the closing share price of 29 August 2013 and a premium of 31.3% to the weighted average share price over one month.

In accordance with applicable regulations, an independent appraiser has been appointed by the Company to provide an assessment of the proposed price.

The Etam Développement shares bought within the framework of the share buyback offer will be cancelled in accordance with the targets of the share buyback programme authorised by the general shareholders' meeting of 30 May 2013.

The draft prospectuses ("*notes d'information*") for the two public offers that make up this liquidity offer will be filed with the Autorité des Marchés Financiers on 3 September 2013. The terms of these public offers will remain subject to the approval of the Autorité des Marchés Financiers.

International retailer of women's ready-to-wear clothing, lingerie and accessories
4,376 sales outlets at 30.06.2013

Etam Développement will report its third-quarter sales on 17 October 2013 (after market close)

2013 Half-Year Financial Report and Presentation of Half-Year Results 2013 *are available on the website www.etamdeveloppement.com*